

AMENDMENTS TO THE DRAWINGS

Replacement formal drawing sheets are submitted herewith. Please substitute the replacement sheets for the drawings currently on file.

REMARKS

Claims 1-36 are pending. Claims 1, 19 and 27, the independent claims, have been amended. Formal drawings sheets are being filed herewith to replace the informal sheets originally filed. No new matter is being added.

Claims 1-12 and 20-33 were provisionally rejected under the doctrine of obvious type double patenting over claims 1, 2 and 27 of co-pending application 09/896,220. Claims 1-10, 12, 19, 20 and 27-30 were rejected under 35 U.S.C. § 103 as obvious from Foray (U.S. Patent 6,983,259) in view of Silverman (U.S. Patent 5,136,501). Claim 11 was rejected under 35 U.S.C. § 103 as obvious from Foray and Silverman, and further in view of Togher et al. (U.S. Patent 5,375,055). Claims 31-33 were rejected under 35 U.S.C. § 103 over Foray and Silverman and further in view of Sampson (U.S. Patent 5,802,499). Claims 13-18, 21-26 and 34-36 were rejected under 35 U.S.C. § 103 over Foray, Silverman and Sampson, and further in view of Rosen (U.S. Patent 5,978,485). Applicants submit that amended independent claims 1, 19 and 27 are patentable over the cited references for at least the following reasons.

Amended claim 1 is directed to anonymous trading system that includes, inter alia, a credit adjustment means that adjusts the credit available between a given party and a counterparty following a trade with that counterparty. The adjustment is done by determining the change in exposure to the party resulting from the trade and adjusting the available credit in accordance with the change in exposure that results from a netting of trades between a given party and each counterparty.

In the system recited in amended Claim 1, unlike in prior anonymous trading systems, the sense of the deal, i.e., whether a deal is a buy or a sell, is taken into account in adjusting the remaining credit after completion of a deal. Prior art systems, such as

Silverman, always reduce the credit between the counterparties by the absolute value of the deal, not taking into account whether the deal is a buy or a sell transaction. However, this does not take into account the true change in exposure caused by the deal.

For example, if a party A has allocated \$10 million credit for trades with party B, a transaction in one direction, e.g., a sale to party B, increases party A's exposure, while buying from party B would have the opposite effect. The credit adjustment means of the independent claims, rather than simply reducing the bilateral credits limits by the absolute value of the trade, takes into account the direction of the deal, i.e., whether the trade is a buy or a sell. This netting of credit limits allows the same amount of credit allocated to trades with a particular counterparty to last much longer, since a \$5 million buy and a \$5 million sale would have a zero net effect on the bilateral credit between the parties. In conventional systems, in contrast, these two transactions would reduce the available credit by \$10 million.

With regard to the double patenting rejection, the position was taken in the Office Action that the '220 application has a credit adjustment means. In particular, the Office Action states that credit adjustment means "is necessary to determine if a party has a credit balance sufficient to consummate subsequent trades." Office Action at page 3.

However, there is a difference between keeping track of whether sufficient bilateral credit exists at a particular time and credit netting in accordance with the present invention. There is no mention of credit netting, as discussed in the specification of the present application, and as now more clearly recited in the independent claims, in the '220 application. To make the distinction even more clear,

each independent claims has been amended to recite, inter alia, "the credit adjustment means calculating the change in exposure to the party resulting from the trade and adjusting the credit available in accordance with the change in exposure that results from a netting of trades between a given party and each counterparty."

While the '220 application shows adjusting of credit limits once a trade has been executed, this is well-known, as discussed above. However, the '220 application contains no teaching of the netting of credit, as more clearly recited in the amended independent claims. In view of the above, it is believed clear that the amended independent claims clearly differentiate the over the claims of the '220 application, obviating the double patenting rejection.

With regard to the rejection based on Foray in view of Silverman, Foray is cited as teaching the basic components of an anonymous trading system. Foray does not teach or suggest the credit adjustment means, as was conceded in the Office Action. Silverman was alleged in the Office Action to teach the credit adjustment means.

However, Silverman, discussed above, does not teach credit netting as in the present application, and in particular, does not teach the credit adjustment means as recited in the amended independent claims.

The portions of Silverman cited in the Office Action, namely, column 3, lines 52-68 and column 4, lines 47-51, discuss the assigning, changing or resetting of credit limits. However, these passages do not teach or suggest the netting of credit limits, by which credit is adjusted after completion of a trade taking into account the direction, or sense, of the trade, as is even more clearly recited in the amended independent claims.

It is known, e.g., from Silverman, that credit limits can be adjusted to reflect the magnitude of a deal. However, there is no disclosure, teaching or suggestion that the adjustment made reflects the *sense of the trade* (buy/sell). As discussed above, in prior art anonymous trading systems, such as Silverman, a buy trade and sell trade for the same amount causes the credit limits to be adjusted (i.e., reduced) by the same amount. Thus a buy trade for \$10 million and a sell trade for \$10 million would result in the credit available being reduced by \$20 million. On the other hand, if credit was netted, as in the independent claims, then a buy trade and a sell trade with the same counterparty would not cause *any* net change in the credit limit. as the trader's exposure has not changed.

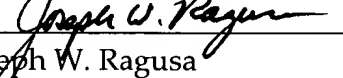
In view of the above, amended independent claims 1, 19 and 27 are believed clearly patentable over the cited references.

The other claims in this application are each dependent from one or another of the independent claims discussed above and are therefore believed patentable for the same reasons. Since each dependent claim is also deemed to define an additional aspect of the invention, however, the individual reconsideration of the patentability of each on its own merits is respectfully requested.

In view of the above amendment, applicants believes the pending application is in condition for allowance.

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Respectfully submitted,

By 
Joseph W. Ragusa

Registration No.: 38,586
DICKSTEIN SHAPIRO LLP
1177 Avenue of the Americas
41st Floor
New York, New York 10036-2714
(212) 277-6500
Attorney for Applicant